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QUESTION OF THE REALIZATION IN ALL COUNTRIES OF THE ECONOMIC, SOCIAL AND CULTURAL RIGHTS CONTAINED IN THE UNIVERSAL DECLARATION OF HUMAN RIGHTS AND IN THE INTERNATIONAL COVENANT ON ECONOMIC, SOCIAL AND CULTURAL RIGHTS, AND STUDY OF SPECIAL PROBLEMS WHICH THE DEVELOPING COUNTRIES FACE IN THEIR EFFORTS TO ACHIEVE THESE HUMAN RIGHTS

Report of the Secretary-General submitted pursuant to Commission on Human Rights resolution 1997/10

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Introduction

1. At its fifty-third session, the Commission on Human Rights, in its resolution 1997/10, stressed the importance of continuing to implement immediate, effective and durable actions for alleviating the debt and debt-service burden of developing countries with debt problems in the framework of the realization of economic, social and cultural rights. It requested the working group on the implementation and promotion of the right to development to continue to pay special attention in its work to the social repercussions of the foreign debt on the realization of these rights and to make recommendations in this regard.

2. In paragraph 11 of the resolution, the Secretary-General was requested to submit to the Commission, at its fifty-fourth session, after high-level consultations with Governments, international financial institutions and specialized agencies, and with intergovernmental organizations, a report on the international debt strategy containing an analysis of the effects of this phenomenon on the effective enjoyment of human rights of the people of the developing countries, and in particular of the most vulnerable and low-income groups.

3. In accordance with the above-mentioned resolution, the Secretary-General addressed, on 5 August 1997, a note verbale to Governments and a letter to United Nations bodies, specialized agencies, and intergovernmental and non-governmental organizations, inviting their comments and observations on the international debt strategy and the effects of this phenomenon on the effective enjoyment of human rights of the people of the developing countries, and in particular of the most vulnerable and low-income groups.

4. As of 15 December 1997, the Office of the High Commissioner for Human Rights had received the reply of one Government, Ecuador. Replies were also received from a number of United Nations bodies, specialized agencies, and intergovernmental and non-governmental organizations. The information provided by the League of Arab States and the United Nations Department of Public Information was of a general nature and is therefore not summarized in the present report. The Department of Humanitarian Affairs and the United Nations Office at Vienna indicated that they could not express any views on the issues requested by the Commission on Human Rights, whereas the United Nations Conference on Trade and Development (UNCTAD) referred to the analysis contained in the Trade and Development Report of 1995, 1996 and 1997 and the reports on the least developed countries for the same period. Additional replies were received from the Organization for Economic Cooperation and Development, OXFAM International and Foodfirst Information and Action Network (FIAN).

5. Additional information on the issue of foreign debt is contained in the report of the Intergovernmental Group of Experts on the Right to Development on its second session (E/CN.4/1998/29), the final report of the Special Rapporteur of the Sub-Commission on Prevention of Discrimination and Protection of Minorities on the question of impunity of perpetrators of human rights violations (economic, social and cultural rights) (E/CN.4/Sub.2/1997/8), the report of the Special Rapporteur on the relationship between the enjoyment of human rights, in particular economic,

social and cultural rights, and income distribution (E/CN.4/Sub.2/1997/9) and the report of the independent expert on the effects of structural adjustment policies (E/CN.4/1998/26), and the report of the working group on structural adjustment programmes (E/CN/4/1998/27).

I. INFORMATION PROVIDED BY GOVERNMENTS

Ecuador

[11 November 1997]
[Original: Spanish]

1. Recognizing the burden of external debt and the double-digit inflation, the Government of Ecuador resorted to solutions involving the renegotiation of public and private debt and the control of public expenditure. The following stabilization policies have been adopted to prevent a decline in income, enhance economic growth in the short term and raise the quality of life of the population in the medium term: debt cancellation, repurchasing and restructuring, along with a prudent control of inflation and an appropriate fiscal policy. Emphasis is being placed on proper education and wealth-generating projects.

2. Transparency and modernization in privatization, in the Government's view, have accompanied the adjustment process, allowing for a shift from a crisis economy to one with an appropriate degree of predictability.

3. It was also pointed out that economic adjustment policy favours the poorest people in the country's social structure. The Government's action is geared towards the mitigation of the social impacts of adjustment programmes - consumer welfare, recession and unemployment - especially on the vulnerable parts of the population, through periodic reviews of payments that supplement the basic wage. The realization of the whole range of human rights will become reality when there is an effective alignment with the positive economy.

II. INFORMATION PROVIDED BY SPECIALIZED AGENCIES

Food and Agriculture Organization of the United Nations

[30 September 1997]
[Original: English]

1. The Food and Agriculture Organization of the United Nations (FAO) considered Commission on Human Rights resolution 1997/10 as an improvement over previous resolutions, but expressed the view that there was still scope for improvement. Insofar as the "debt problem" and adjustment programmes are concerned, FAO suggested that some analysis must be conducted, or reference to such work used, and specific proposals made based on the careful analysis of past successes and failures in adjustment programmes and their impact on the enjoyment of human rights.

2. Reference was made to a recent World Bank internal evaluation of 50 of its Agricultural Sector Adjustment Loans, which indicated that the vast majority of these loans were designed and implemented without taking their

consequences on national food security, and thus the enjoyment of the right to food, into account. It was therefore recommended that development institutions take this type of food security impact into consideration in the design of better programmes and country projects, while considering options and trade-offs for policy makers.

United Nations Industrial Development Organization

[3 October 1997]
[Original: English]

1. Regional industrial development is an area of growing importance to the United Nations Industrial Development Organization (UNIDO). In its 1996 Annual Report, the organization stresses the fact that industrial development, particularly at the entrepreneurial and small-firm level, requires a supportive infrastructure and services at the regional or local level that are seldom supplied by the market or the central Government in developing countries or countries in transition. UNIDO has organized a series of workshops, seminars and forums to help develop its expertise on regional industrial development.

III. INFORMATION PROVIDED BY NON-GOVERNMENTAL ORGANIZATIONS

OXFAM International

[12 August 1997]
[Original: English]

1. Two position papers 1/ by OXFAM International (OI) strongly emphasized the economic and human consequences of multilateral debt owed by the poorest countries on their efforts to implement efficient poverty-reduction policies and achieve economic recovery. Costs measured in terms of human welfare and economic efficiency losses have been enormous: lost opportunities for health, education and employment, and increased vulnerability to illness, illiteracy and poverty. Regarding the need for a comprehensive resolution of the debt crisis, including its multilateral element, OI supported the proposals formulated by the World Bank task force in 1995, aiming at the creation of an $11 billion Multilateral Debt Facility (MDF), similar to a trust fund. This facility, which would be available for use by 24 countries identified by the Bank as facing serious problems with multilateral creditors, would repay debt service as it fell due over a 15-year period, providing the equivalent of a 67 per cent debt stock reduction. However, ambitious and flexible financial provisions will be needed to end the multilateral debt crisis.

2. While supporting, in principle, the use of the World Bank's net income to bring debt service obligations into line with capacity to pay, OI considers it vital that new and additional resources be generated from within the multilateral system to finance debt stock and debt service reduction. Without

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1/ "Multilateral debt: the human costs", February 1996 and "Poor country debt relief: false dawn or new hope for poverty reduction?", April 1997.

such resources, debt relief will become a zero-sum-game, as funding is drawn from a fixed pool of development finance and redistributed between beneficiaries.

3. According to OI, multilateral debt crisis could be resolved through a strategy involving:

(a) A comprehensive and integrated approach to debt reduction, which extends both to bilateral creditors and all multilateral agencies;

(b) The creation of new and additional resources for debt relief drawn mainly from World Bank reserves and net income, and a new issue of Special Drawing Rights and/or sales of IMF gold stocks;

(c) The reduction of debt stock and debt service payments to sustainable levels by 2000;

(d) The development of eligibility criteria that go beyond strict compliance with the International Monetary Fund/World Bank structural adjustment targets;

(e) Flexible measures of debt sustainability that take into account social need, general liquidity and balance of payments criteria, as well as debt-to-export ratios.

4. In its second paper, OI referred to the Highly Indebted Poor Countries (HIPC) initiative agreed in 1996 by the IMF and World Bank, which provides for the type of comprehensive and integrated approach which could achieve debt sustainability. However, the lack of political will translated into opposition to the initiative by some of the most powerful members of the Group of seven (G7) is an issue of concern. According to OI, the influence used by these States on the Boards of the IMF and World Bank delays the implementation of the initiative and minimizes the level of debt relief provided. A second source of concern referred to by OI is related to the fact that adherence to two IMF programmes is required to qualify for the HIPC initiative. Yet, these programmes have failed to establish the conditions for economic recovery. They have also been pursued at enormous social cost, with deflationary monetary targets taking precedence over social spending.

5. Within its proposed agenda for reform, OI recommends that more flexible approaches to conditionality be applied with economic reforms geared towards the real needs of poor countries. In more general terms, poverty reduction should be integrated as a central objective rather than being appended as a peripheral concern.

6. OI proposed five broad reform measures for the adoption of a new debt-for-poverty-reduction contract in the HIPC initiative:

(a) The time-frame must be accelerated;

(b) Debt sustainability thresholds should be lowered and broadened to take into account human development levels;

(c) Additional weight should be attached to fiscal criteria;

(d) Reliance on IMF economic conditionality should be abandoned;

(e) Poverty reduction incentives should be integrated into the HIPC framework.

Foodfirst Information and Action Network (FIAN)

[30 October 1997]
[Original: English

1. FIAN considers the food situation to be critical in most of the countries implementing structural adjustment programmes (SAPs), in terms of consumption and within the agricultural sector as a provider of food and livelihood for a large part of the poor population. The abolition of food subsidies very often reaches deprivation levels. Improper removal of some protectionist measures leads to the collapse of entire industrial and agricultural sectors and subsequently to unemployment and landlessness. Curtailing government services in health, education and social security hits the poor disproportionately.

2. While welcoming the introduction of social safety nets for victims of SAPs, FIAN fears that they might not be an adequate response considering the massive human rights violations involved.

3. The organization suggests that a far-reaching conceptual reform of SAPs is needed to adjust economies to a new sustainable economic world order based on economic human rights.

IV. SYNTHESIS OF COMMENTS AND PROPOSALS MADE BY THE INTERGOVERNMENTAL GROUP OF EXPERTS ON THE RIGHT TO DEVELOPMENT AT ITS SECOND SESSION

1. During its second session, held in Geneva from 29 September to 10 October 1997, the Intergovernmental Group of Experts on the Right to Development had before it various reference documents including the Secretary-General's report to the Commission on Human Rights at its fifty-third session on the question of measures for solution of the debt crisis (E/CN.4/1997/17).

2. The Group formulated numerous suggestions and recommendations as part of the global strategy for the promotion and implementation of the right to development (see E/CN.4/1998/29). Those relating to the United Nations system and other international organizations included the following:

(a) Encourage all the human rights treaty bodies, working groups and thematic rapporteurs to integrate, within their respective mandates, questions concerning the promotion and implementation of the right to development by addressing issues relating to causes of structural impediments to the global enjoyment of human rights;

(b) Encourage the treaty bodies to amend the guidelines for the preparation of the "core documents forming part of the reports of States parties" in such a way that information contained therein may be broadened to include relevant data on domestic and international development programmes as well as their effects on the enjoyment of human rights;

(c) Suggest the amendment of treaty bodies' guidelines for national reports to enable Governments to address their position on structural obstacles to ensuring full enjoyment of the right to development; exchange views with Governments on these issues and provide them with information and assessment by specialized agencies and NGOs within a comprehensive, constructive and open dialogue; formulate appropriate country-addressed recommendations and general comments;

(d) Encourage the Highly Indebted Poor Country (HIPC) initiative proposed by the World Bank and IMF and agreed to by member Governments. The High Commissioner for Human Rights should, as part of her dialogue with these institutions, point out areas where the HIPC initiative should be improved so as to facilitate the implementation of the right to development. These are, among others, the inflexibility over the timing of debt relief, the excessive proliferation of conditionalities and the lack of an analytical basis for debt relief eligibility;

(e) Highlight, through the High Commissioner's efforts, the fact that multilateral and bilateral creditors need to reach agreement on the burden-sharing issue of debt relief as a matter of urgency.

3. Further measures to be followed up by the working group on structural adjustment programmes included the following:

(a) Pursue the dialogue between the High Commissioner for Human Rights and the World Bank, the IMF and other financial institutions with a view to their incorporating the principles of the right to development in their policies, programmes and projects. The highest priority in these activities and programmes should be given to an action-oriented approach to the right to development in its multidimensional aspects;

(b) Review the content of and procedures for structural adjustment programmes and policies in terms of their effects on development possibilities and economic options and on the realization of the right to development. These concerns should be effectively taken into account in designing such programmes, and factors that are important for development should be promoted in such programmes. Enhance the opportunity and right of the countries that have to implement such programmes to participate effectively in the drawing up of the programmes. Encourage recent joint efforts by the World Bank and NGOs to review the effects of structural adjustment programmes.

4. The international community should adopt more effective measures to resolve the external debt problem of developing countries for a more effective promotion and realization of the right to development. There should be an initiative for a comprehensive, rather than piecemeal, resolution of this problem covering commercial, bilateral and multilateral debt, and also involving reduction of debt stock.